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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SECURITY INFORMATION

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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SOURCE:

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1. The Pramen chain of state-operated grocery stores has been ordered to retain in stock 40% of the sugar allocations which were to have been made available to the public.
2. In August 1953, the Masna meat-retailing enterprises were ordered to use only Grade 3 meat for sausages. The incidence of food poisoning from spoiled meat is increasing.
3. In the Marianske Lazne area, the farming cooperatives are in very bad condition. They are deeply in debt and producing very little.
4. During a recent check on insurance policies of Unified Agricultural Cooperatives (JZD), it was discovered that a very large number of Class I cooperatives had been fraudulently registered as Class III (kolkhoz type) cooperatives in order to secure the credit facilities that are a privilege of the Class III type.
5. It was reported in the press that President Antonin Zapotocky, when speaking at the opening of the Kladno dam, seriously reproached the agricultural cooperative at Sykorice, near Kladno, for having failed to cultivate its crop of sugar beets. The statement was intended to encourage the inference that the cooperatives were responsible for the sugar shortage. However, the Kladno district is not one of the sugar-beet-growing areas and the Sykorice cooperative had actually only planted five hectares of sugar beets, intended for use as cattle fodder.
6. Czechoslovak economic authorities expected that after the currency reform the circulation of money would be greatly accelerated. This has not been the case, and the country is beginning to feel a serious shortage of currency. As a result, the State Bank has ordered the printing of new quantities of banknotes to supplement the limited quantities that had been originally provided.
7. The Soviet delegate, Affinayev (fnu), who is said to have been responsible for the manner in which the currency reform was carried out, has left the Ministry of

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Finance in Prague. [redacted] he seemed very much depressed in view of the consequences and results of the currency reform.

8. The Aero corporation, which is engaged in aircraft production, made preparations to dismiss about 30% of its employees in September 1953.¹ No replacements were to be hired. It was not known what was to become of the dismissed workers, but source believed that they would be directed into agriculture.

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